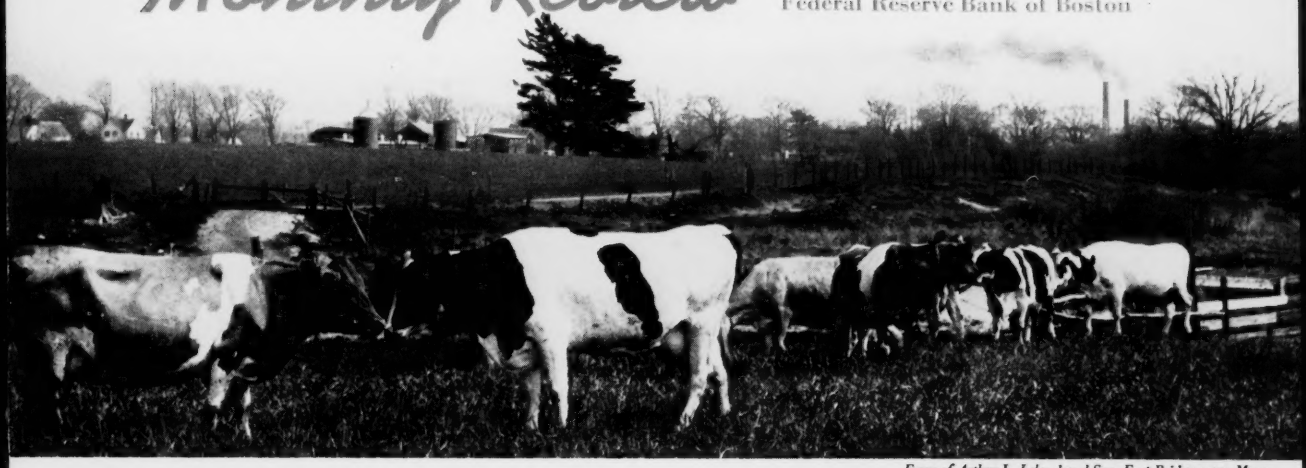
Monthly Review
Federal Reserve Bank of Boston



FARMING IN A LAND OF FACTORIES

Farm of Arthur L. Leland and Son, East Bridgewater, Mass.

AN APPRAISAL OF

New England Agriculture

BASIC to any study of New England's agriculture is the fact that 77 per cent of her land area is in woodland.

The high percentage of woodland accounts for both strengths and weaknesses in New England. It sets the stage for understanding why cropland is scarce, so scarce that both Iowa and Illinois have five times as much cropland as all six New England states combined. It explains why, with her heavy concentration of population, New England is a deficit food-producing area; why 30,000 railroad carloads of food originating from outside New England were unloaded in Boston alone during 1949; and why in 1948 net income from agriculture was only three per cent of that received by individuals in the area.

Yet anyone who uses such data to reason that agriculture in New England is of negligible importance in the economy probably forgets that in 1948 cash marketings from New England farms were $825,000,000; in 1949 they were $703,000,000. Any industry of that scope has stature and significance in the region's economy, whatever may be its relation to the whole.

With this as a prelude, it should come as no surprise that, in value of cash farm marketings, the 1945 Census listed four New England counties among the 100 leading counties of the United States. With approximately 2500 counties competing in the nation, the inclusion of four New England counties is a significant showing. The counties with their national rankings are Aroostook County, Maine, 10th; Hartford County, Connecticut, 24th; Middlesex County, Massachusetts, 54th; and Worcester County, Massachusetts, 67th.

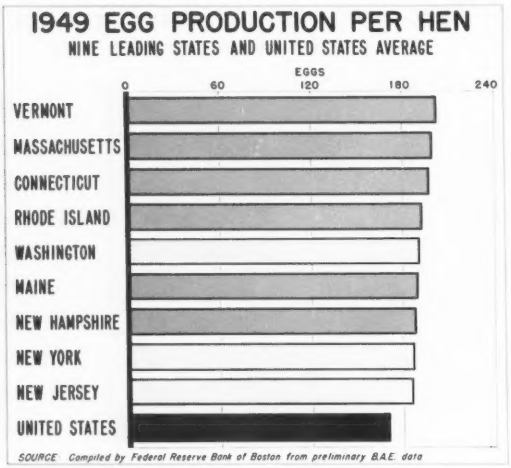
Equally significant as dollar volume, though, are other values associated with New England agriculture, values which elude precise measurement. These include the integration with industry of part-time farmers to give an elastic labor supply, the balancing effect that agriculture contributes as an essentially conservative political element, and the annual surge of healthy, educated rural youth that seeks a place in the urban labor force. New England agriculture for 300 years has met the challenge of competition and developed new techniques and enterprises as old ones became outmoded.

Since the landing of the Pilgrims, change has been the unfailing characteristic of New England's agriculture. In colonial times New England was largely self-sufficing as to food; however, as her population increased, she had to look for food beyond her borders. At the same time as pressure of a growing population made it necessary for her to look elsewhere for food, developments in industry and in agriculture itself made it easier for farmers in other areas to compete with New England farmers.

Thus it was that improved transportation, plus the opening of the West, wrote finis to the Connecticut and Champlain Valleys as the granaries of New England. Refrigeration enabled the Chicago packers to absorb the market for fresh meat; the sheep industry moved to the Far West; the coming of the tractor and automobile wiped out the sales market for carriage and light team horses and, finally, with the passing of the horse, southern Maine lost the outlet for hay, its principal cash crop.

Many of these developments caused hardships for New England farmers, but there were also good effects. Refrigeration, for instance, although it largely elim-

Agriculture accounts for only approximately three per cent of income payments to individuals in New England, according to income data for 1948. Nevertheless, New England's agriculture has stature and significance that will surprise many who have not closely followed its development. This article outlines the importance to which some of its segments have grown.



inated the fresh meat industry in New England, ultimately permitted Boston to widen its milkshed; farmers in areas in New England previously limited to production of butter and cheese could ship fluid milk and obtain greater financial returns. The same improved transportation that made New England vulnerable to competition from the West also brought grain for her flocks and herds. True, it was grain bought at a high cost, but modern feeding techniques, especially as applied to poultry, helped to nullify that high cost.

A chief characteristic of New England agriculture is its high-quality, high-value products. If we were to regard all New England as a single state, in terms of gross dollar sales of its farm products in 1948 (net sales are not available), it would rank 16th among the 48 states although, in terms of total land area, it ranks only 32nd. In 1948, Connecticut, Rhode Island, and Massachusetts ranked third, fourth, and fifth among the 48 states on the basis of average cash receipts per acre of cropland and pasture. Interestingly enough, that same year California ranked seventh and Iowa tenth.

The 1945 Census lists New England as having 132,000 farms. This number gives a deceptive impression, for actually a large fraction of these "farms" were no more than country residences. Thus 40 per cent of the farms reported a 1944 average annual value of farm production of $281. Fifty-eight per cent of the farms reported a value of farm production for 1944 of less than $1500, and farm production from these units was only eight per cent of the New England total. At the other extreme, seven per cent of the farms reported value of production which accounted for 49 per cent of the New England total.

Because so many of the farmers reported such modest incomes from agriculture, their farm earnings had to be supplemented with work performed off the farm. Data from the same Census indicates that 41.8 per cent of the farmers worked away from the farm for an average number of 242 days in 1944.

New England is a deficit food area, and consequently the largest part of her production, with some notable exceptions, is consumed within her borders. The most obvious exception is potatoes. In 1949, New England produced 19 per cent of the nation's total, with 88 per cent of her production credited to Maine.

Although people recognize the pre-eminence of Maine as a potato area, not as many people realize that in 1949 the Connecticut Valley produced 64 per cent of the value of the nation's cigar-wrapper tobacco and 46 per cent of its cigar-binder tobacco. Massachusetts produced 62 per cent of the nation's cranberries. New England produced 41 per cent of the nation's maple products in 1949. The 1945 Census lists New England as the producer of 48 per cent of the blueberries.

Milk, potatoes, cigar tobacco, cranberries, maple products, and blueberries are looked on as being the typical products of New England agriculture. Poultry raising, however, also has taken giant strides and has gained a prominent position for itself. During the war poultry actually led all other farming enterprises as the largest source of income. This resulted from the very great increase in poultry production undertaken to help overcome the shortage of meat. Dairying, however, had won back its position as New England's leading source of farm income by 1946. It still held its lead in 1948, the latest year for which regional data are available, with a level of 27 per cent of the total cash farm marketings compared with 23 per cent for poultry.

Income from Eggs and Poultry

New England had 3.4 per cent of the nation's hens on January 1, 1949. In 1948, though, income from New England eggs was 6.3 per cent of the nation's total. The higher percentage of income, as compared with percentage of hens kept, was primarily due to three influences: (1) premium prices for eggs and poultry in a nearby market; (2) the highest egg production per hen in the nation, so that in effect premium prices were multiplied by 16 dozen eggs per hen as compared with non-premium prices multiplied by 14 dozen in the nation; and (3) low mortality.

High production per bird in a flock large enough to furnish an efficient unit is probably the largest single influence upon low-cost production for an individual poultryman. It was high production per bird, rather than a large number of birds in the region, that enabled 12 counties in New England to be included among the 100 leading counties of the United States in egg production, according to the 1945 Census.

New England's poultry mortality is the lowest in the nation. In 1948, mortality of chicks raised for laying-flock replacements was 9 per cent in New England and 13 per cent in the nation, while mortality of birds during their first year in the laying house was 13 per cent in New England and 17 per cent in the United States.

Recital of these three influences does not complete the explanation of New England's high poultry income. Because egg production per bird is high and because mortality is low, New England poultry breeders have been able to develop a baby-chick industry that makes its product sought for throughout the nation. Although New Hampshire had only 0.6 per cent of the nation's hens in 1949, it hatched 2.0 per cent of the baby chicks. Similarly, New England hens totaled 3.2 per cent of the nation's total in 1949, but New England hatched 7.3 per cent of the nation's baby chicks. Although we do not have actual data on the large number of hatching eggs

shipped out of New England, we do know that the premiums paid for hatching eggs helped to account for New England's large poultry income.

Much has appeared in the press about huge accumulations of dried eggs acquired by the Government as part of its price-support program. Simple justice requires the explanation that those dried eggs were largely produced in Midwest farm flocks. New England poultrymen may have benefited with such eggs off the market, but their own eggs found retail outlets at above-support prices because of premium markets and superior quality.

Maine and the Potato Program

Significant developments have also evolved in the potato and dairying segments of agriculture. In fact, the potato industry has had adverse publicity partly because of the very efficiencies that have made larger yields possible.

What many consumers overlook is that the Government sought increased potato production during the war as insurance against possible droughts that might cut grain production. Maine increased its potato acreage from a 1935–39 average of 164,000 acres to 209,000 acres in 1945. By 1949, however, Maine had cut back its potato acreage 32 per cent from its peak planting of 1946, and its allotted 1950 acreage will be about 13 per cent less than in 1949.

The striking feature of Maine's potato industry is its high yield per acre. Over the last ten years it was exceeded only by the yield in the irrigated areas of California. For half a century, production per acre increased steadily both in Maine and in the nation. This was due to spraying, higher-yielding varieties, more fertilizer, and the increased use of better certified seed. Then in 1946 came a marked increase in yields, principally because of DDT. This new technique alone probably added 40 to 50 bushels per acre to the yields in Maine. Closely following this sharp rise came acreage allotments which reduced acreages 23 per cent in 1949 and 13 per cent for 1950. Naturally, farmers who were required to cut the acreage of their cash crop took their poorer fields out of production, with the result that average yields did not decrease as much as the officials who set the allotments had hoped. Favorable weather and decreased per capita consumption also contributed to excess potato supplies.

The presence of the program has prevented a price debacle such as growers faced in 1934 when potatoes sold in Presque Isle, Maine, for 35 cents a barrel (eleven pecks). Yet continued excess production seems to indicate that the support price has been artificially high.

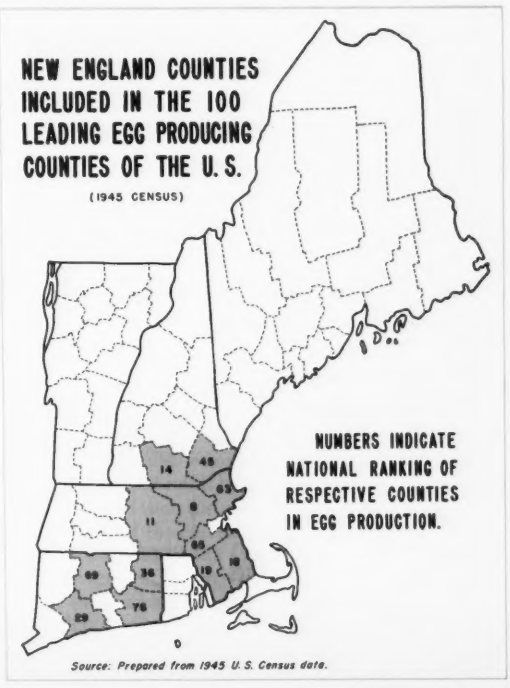
Artificially high prices have unfavorable repercussions on consumers for any one year. From a long-term economic viewpoint, what may have greater implications is that the potato-support program, as presently set up, places an umbrella over high-cost areas and high-cost operators. High per-acre yields go with a high level of efficiency. Maine's per-acre yield in 1949 was 450 bushels; the national yield was 211 bushels. Yet under the formula for allotting acreages, the 1950 Maine potato acreage was cut 13 per cent below that of 1949 compared with a national cut of seven per cent.

Continuation of the potato-support program would prevent a price debacle, but Maine would not operate its potato industry at full efficiency and would have to find diversified sources of agricultural income, a slow process and not easy to accomplish. To drop the support program would expose the potato industry to the shocks that go with free enterprise. The men heavily in debt and the high-cost operators would suffer from the hardships of such an adjustment. A happy compromise, already under consideration, would be a support price high enough to act as disaster insurance, but low enough to deter the production of inefficient operators or areas. The industry faces some trying adjustments whether the support program is dropped or retained.

Other products such as fruit, truck crops, tobacco, and field crops have also felt the impact of new varieties, more effective sprays and dusts, adequate fertilization, better harvesting, and better marketing practices.

But with dairying occupying the number one position as income producer, no discussion of New England's agriculture would be complete without reference to one of the region's more dramatic farm programs. We refer to the New England Green Pastures Contest which started as a state program in New Hampshire in 1947, was broadened to include all New England in 1948 and 1949, and in 1950 will be carried on in much the same pattern in at least ten other states.

Basically the program is wholly educational, but by use of the contest angle at the county, state, and New England level, it has been effective in dramatizing the benefits of better pastures and improved roughage. Many agricultural leaders look upon it as one of the most stimulating programs in New England. Primarily it teaches the advantage of treating pastures as a cash crop and using better pastures and improved quality roughage as vehicles for lowering production costs. One of the interesting developments in Green Pastures has



been its appeal to the younger dairymen of the region.

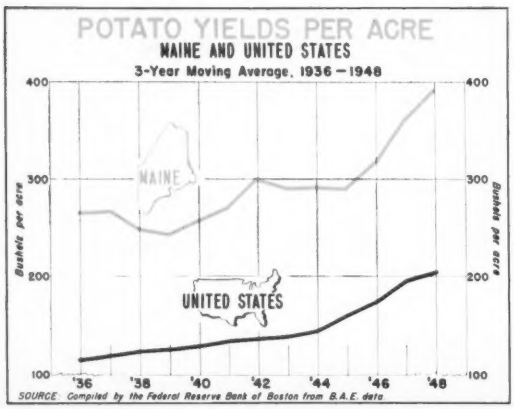
The facts do not support a commonly accepted opinion that New England farmers have lagged in mechanizing their operations. For instance, a study by the Bureau of Agricultural Economics, released in 1947, indicates that New England in 1945 had 1.46 tractors per 100 acres of cropland, the highest area ratio in the United States, compared with a national average of .64 tractors. Further, that in 1945 New England had an average investment in horses, tractors, trucks, and other machinery of $38.75 per acre of cropland, also the highest for any region in the United States. The comparable figure for the United States was $16.10.

These figures need interpretation, for the picture isn't as bright as it may seem. The average acreage of cropland on New England farms is less than in the Midwest. Even though New England has more tractors per 100 acres of cropland, the Midwest averages larger and more powerful tractors and can use them more efficiently with its larger farms. Again, this investment of $38.75 per acre is a heavier capital investment for New England farmers to struggle under than for farmers in any other geographical region. But the notion that New England agriculture hasn't mechanized is incorrect. On the contrary, the data could mean that New England has over-mechanized.

New England farms are undeniably smaller and less adapted to power machinery than those in the Midwest. But, through the use of improved seed, adequate fertilization, and sound disease and insect control, her farmers have been able to raise the index of crop production to a greater degree than farmers in the nation. The index of output per farm worker lags in New England compared with the nation.[1] This arises partly because New England's mechanization may not have had as effective results as in some other areas and also because about half of its production in dollars comes from poultry and dairying where output per worker has increased less than it has in crops.

On balance, New England agriculture has made substantial net gains in the last generation, but there are some disquieting undertones. The principal one is that cash farm costs today are a significantly higher percentage of total receipts than they were in our fathers' time. This is true of agriculture generally, not just of New England. A survey covering 14 farms in Tompkins County, New York, made originally in 1907 and repeated at ten-year intervals, shows that the relation of expenses to total receipts increased from 35 per cent in 1907 to 53, 54, and 79, and finally stood at 73 per cent in 1947.

[1]According to the BAE, New England's crop production index, with 1935–39 = 100, rose from 84 in 1919–21 to 120 in 1946–48, or 43 per cent. However, during the same period, New England's index of output per worker increased from 79 to 132, or 67 per cent, compared to a rise from 83 to 146, or 76 per cent, for the nation.



Investment and Expenses

Twenty or thirty years ago, if a farmer had a bad year or even several bad years, he could tighten his belt and still carry on. When horses furnished his power, he could raise their feed. He had only modest expenses. He repaired his own simple farm equipment, grew his own seed, used kerosene for his lights, and by severe economies could keep some degree of control over his expenses.

If he was in financial distress, the all-important question was whether his creditors would defer their claims and allow him time to work out of his difficulties. Many such cases did work out, even though according to the balance sheet the farmers had been insolvent.

Present-day farmers would not willingly return to the horse and buggy days of agriculture, but it is significant to point out that they are more vulnerable to price declines than their fathers were. Today, if prices drop and a farmer is unable to meet his obligations, he must not only persuade his creditors to grant extensions on old debts, but, in addition, he must obtain new money for the cash expenditures that have become an inescapable part of his operations.

Another disturbing problem is the large investment requirement of a modern commercial farm. Young men with ability, but with little capital, who wish to start farming have great difficulty in getting a start.

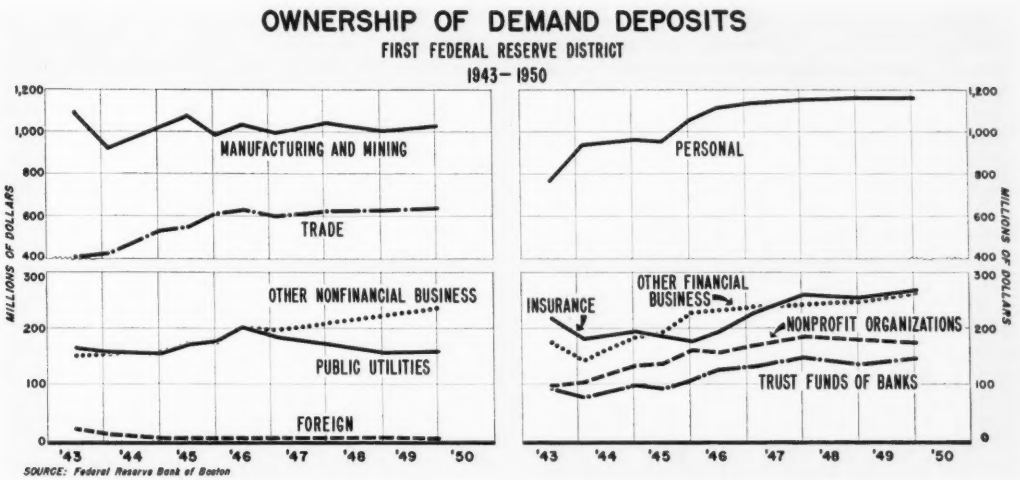
New England will continue to be a deficit food-producing area, a basic aspect in the outlook for her agriculture. High transportation costs act as a barrier to competition, but for concentrated, high-quality products, this barrier is not insurmountable. As one example, poultrymen in the West are producing eggs of greatly improved quality. These eggs have been entering New England markets, and local poultrymen dare not be complacent. Their markets are a shining target for competitors, and a tendency to allow costs to rise or quality to slip could be costly.

Pressures of competition, both local and interregional, are tending to produce larger farm units in order to develop greater efficiencies and to reduce unit costs. They remain "family farms," but are larger in size and in volume of business. The prospects are that such farms can hold their own, but that small farmers, or high-cost operators, will have difficulties.

New England agriculture has been changing for 300 years, and we can expect it to continue to change. Further adjustments from the war years are inevitable and may cause some difficult problems, but improved techniques developed in the 40's will be of great help to the men who adopt them. History indicates that agriculture has been more subject to ups and downs in the nation than in New England. It is reasonable to expect that the same will be true in the future.

Monthly Review
FEDERAL RESERVE BANK OF BOSTON

Survey of Deposit Ownership – 1950



DEMAND DEPOSITS of individuals, partnerships, and corporations in all banks in the First Federal Reserve District, which includes all New England excepting one county in Connecticut, totaled about $4,075 million at the end of January 1950.[1]

Ownership of demand deposits is not synonymous with, nor a direct measurement of, wealth. For most depositors a checking account is merely one of the most liquid components of their total assets, which might also include cash, securities, savings accounts, inventories, accounts receivable, and real estate. For some other depositors, the ownership of demand deposits offsets bank loans or other indebtedness. In general, the magnitude of a demand deposit account is a measurement of the depositors' current working capital. It is credit money immediately available for current use.

The overall volume of demand deposits in this district, as in any Federal Reserve District, is influenced by the use of bank credit, and by the flow of funds to or from other districts and other segments of the economy. The volume of demand deposits owned by particular depositors or classes of depositors is also influenced by transfers of funds between these and other depositors or classes of depositors. This article attempts to show, from the results of a January 31, 1950 survey, how this $4,075 million volume of demand deposits is distributed by type of ownership and by size of bank. It also attempts to evaluate some of the factors which are influential in changing the overall volume and distribution of these demand deposits.

The aggregate volume of demand deposits in the First Federal Reserve District as of January 31, 1950, had increased by 1.8 per cent over the $4,005 million of a year earlier, and topped the $4,050 million of two years earlier. The relatively small changes in this overall volume during the past two years suggest the attainment of a current stability in the district's check money.

The distribution of these demand deposits, like their overall volume, seems to be characterized by relative stability. No startling changes are to be noted between the 1950 and 1949 surveys. Each type of ownership, with the exception of nonprofit organizations, farm, and foreign, increased its aggregate demand deposits. Each size group of banks with the exception of that with demand deposits of less than $1 million also showed an increase. Yet exceptions prove that these apparent, generalized trends were not universal.

In this highly industrialized district, manufacturing and mining establishments accounted for $1,027 million, or about one quarter of total demand deposits. Prudent adjustment of production and inventories to sales has enabled these establishments to maintain their relative share of deposits unchanged since the previous survey. This type of deposit ownership usually has greater relative importance in the larger communities than in the smaller ones.

Public utilities increased their demand deposits in the district slightly to $157 million as of January 31, 1950. However, outlays for continued plant expansion in the postwar period have cut these deposits as a share of the district total from 5.2 per cent as of July 31, 1946, to 3.8 per cent in the current survey. Public utility deposits also are a relatively more important factor in the larger than in the smaller communities.

Wholesale and retail trade demand deposits increased somewhat less than the average, and amounted to about $640 million at the current survey date. They accounted for 15.7 per cent of the total district demand deposits, this percentage varying in inverse relationship to the size of the banking community. The volume of these deposits has shown marked stability since the 1947 survey.

Deposit balances of other nonfinancial types of business showed a healthy 6.0 per cent rise between the 1949

[1]Hereafter in this article the term "demand deposits" will be used for convenience as referring to demand deposits of individuals, partnerships, and corporations, and will ignore interbank demand deposits, demand deposits of governmental units, certified checks, and cashiers' checks.

and 1950 surveys, and were probably influenced strongly by continued high construction activity.

The most marked increases in demand deposit ownership between the 1949 and 1950 surveys in this district were recorded by financial types of ownership.

Insurance companies increased their demand deposit balances by 4.9 per cent between the most recent survey dates. Current balances amounted to $266 million, or 6.5 per cent of the district demand deposits, and were concentrated mainly in the larger banks. The popularity of insurance companies as repositories for savings and reserves has channeled an increasing flow of funds into these institutions.

Demand deposits of other financial types of business, including investment trusts, savings and loan associations, security traders and brokers, real estate agencies, and credit and loan agencies, increased by 6.6 per cent to $263 million. Preference as media for savings, reviving interest in the securities market, increasing use of consumer credit, and the high rate of home construction were factors that contributed to the transfer of deposits to these varied financial businesses from other types of deposit ownership.

Deposit balances representing trust funds of banks increased by 7.1 per cent to $144 million, largely because of an accumulation of funds with corporate trustees, pending payment of dividends. Decreases at the majority of the banks were offset by unusually large, temporary balances of a few accounts in some of the largest banks in the district.

Nonprofit organizations had demand deposits aggregating $174 million on January 31, 1950. This represented a decrease of 3.9 per cent since the previous survey, and decreases were general at all sizes of banks. It is difficult to ascribe the aggregate decline to any single factor, because accounts such as those held by educational, religious, social, cooperative, and philanthropic organizations frequently accumulate temporary balances held for specific purposes.

Personal demand deposits, according to the sample reports used in the survey, were estimated to have increased only $400 thousand in the year ending January 31, 1950. This was a gain of only 0.03 per cent in the estimated volume of $1,162 million of personal demand deposits in the district, and was insufficient to prevent these deposits from falling from 29.0 per cent of the district total on January 31, 1949 to 28.5 per cent on January 31, 1950. Personal accounts, like trade accounts, were more important in the smaller banks. In banks with less than $1 million of demand deposits, personal deposits comprised 46.6 per cent of the total, while in banks with over $100 million of demand deposits the percentage was only 20.1.

The negligible gain in personal account balances can be attributed to an estimated decline of $17 million in balances of farmers' accounts, which are classified with other personal accounts. Farmers' deposits form a relatively small part of this district's demand deposits, but an estimated decline of 17.6 per cent in their aggregate volume between the 1949 and 1950 surveys, due to price declines for many farm products and slower marketing of the potato crop, had an important influence upon the volume of all personal deposits. Without the contracting influence of these farmers' accounts, personal deposits in the district would have shown a more decided gain, to reflect the continuing high level of personal incomes and increased availability of funds from consumer credit.

Distribution of demand deposits by size of bank or by size of account shows conflicting movements between the 1949 and 1950 survey dates. On an overall basis, there was an apparent, slight shift of deposits from the smaller to the larger banks, some shift from the largest and smallest to medium-sized accounts, and a slight reduction in the size of the average account.

ESTIMATED DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS
ALL COMMERCIAL BANKS—FIRST FEDERAL RESERVE DISTRICT
BANKS CLASSIFIED BY SIZE OF DEPOSITS
JANUARY 31, 1950

Type of Ownership	SIZE OF BANK IN TERMS OF TOTAL DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS									
	Over $100 Million		$100 Million to $10 Million		$10 Million to $1 Million		Less than $1 Million		All Banks	
	Millions of Dollars	Per Cent of Total	Millions of Dollars	Per Cent of Total	Millions of Dollars	Per Cent of Total	Millions of Dollars	Per Cent of Total	Millions of Dollars	Per Cent of Total
Manufacturing and mining	431.3	32.0	371.1	22.7	212.4	21.4	12.4	12.6	1,027.2	25.2
Public utilities	74.1	5.5	55.4	3.4	25.7	2.6	1.8	1.8	157.0	3.8
Trade	154.3	11.4	268.9	16.4	195.3	19.7	21.1	21.5	639.6	15.7
Other nonfinancial business	69.1	5.1	83.6	5.1	75.4	7.6	8.4	8.5	236.5	5.8
Total nonfinancial business	728.8	54.0	779.0	47.6	508.8	51.3	43.7	44.4	2,060.3	50.5
Insurance	135.4	10.0	112.0	6.9	18.0	1.8	0.4	0.4	265.8	6.5
Other financial business	95.9	7.2	113.3	6.9	50.6	5.1	3.1	3.2	262.9	6.5
Total financial business	231.3	17.2	225.3	13.8	68.6	6.9	3.5	3.6	528.7	13.0
Total domestic business	960.1	71.2	1,004.3	61.4	577.4	58.2	47.2	48.0	2,589.0	63.5
Trust funds of banks	62.6	4.6	66.6	4.1	14.2	1.4	0.3	0.3	143.7	3.5
Nonprofit organizations	48.9	3.6	72.5	4.4	47.4	4.8	5.0	5.1	173.8	4.3
Personal (including farmers)	270.5	20.1	493.1	30.1	352.8	35.6	45.8	46.6	1,162.2	28.5
Foreign	6.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0	6.8	0.2
Grand total	1,348.9	100.0	1,636.5	100.0	991.8	100.0	98.3	100.0	4,075.5	100.0

Source: Federal Reserve Bank of Boston.

Monthly Review
FEDERAL RESERVE BANK OF BOSTON

Spring Upturn in New England

BUSINESSMEN in New England were generally optimistic this spring as the region experienced an upturn in economic activity. Bankers reported an increased number of applications for credit, extending across the whole range of business and industrial activity. Machinery manufacturers reported a pick-up in new orders. This reflected several conclusions of the business community: that business prospects were good, that machinery replacements were necessary to reduce costs, and that prices would not decrease in the near future. Manufacturers and other businessmen bought farther ahead for raw material requirements but did not over-extend their finished-goods inventories.

Nonagricultural employment began to rise in March after a two-month decline from the seasonal peak of December 1949. The March level of 3,078,000 was 2.2 per cent below that of March 1949, but the trend was upward in most industries. Last year most categories showed employment declines from February to March.

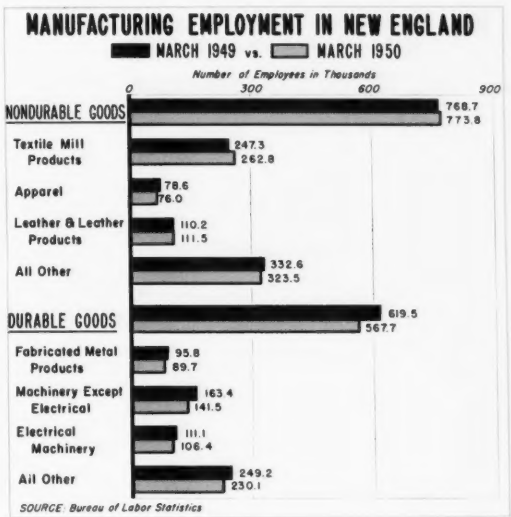
Factory employment has moved up steadily this year. In March, however, it was still 3.4 per cent below its level a year ago. The decline fell mainly in the durable-goods category, which was off by 8.4 per cent. Employment in the important metalworking industries reached 478,000 this March, however, the highest since May 1949. Reports of the Massachusetts Division of Employment Security indicate that gradual improvement in metalworking was widespread during April and the first part of May. The electrical-apparatus industry continued at unusually high levels of production.

New England employment in the nondurable-goods industries increased this March over year-ago levels. The key to the rise was textile production. During the first months of 1949 textile employment fell abruptly, but this year employment in the industry improved each month until April. The trade anticipated a seasonal lull in April, but employment held up well.

Leather and leather products also helped to account for the favorable showing of nondurable goods this March. Employment in these industries reached a level 1.2 per cent above that of March 1949. As spring shoe runs ended about the first of April, lay-offs and part-time employment began to spread throughout the region. Reorders were expected earlier and in greater volume than last year, however, to cover the lull until volume production on fall and winter orders begins in June.

Nonmanufacturing employment in New England rose slightly in March, principally because of an increase in government employment. Nevertheless, the total still stood 1.2 per cent below the level of March 1949. Employment in trade was off about three per cent on a year-to-year basis. Nonmanufacturing employment associated with recreation and construction rose as good weather arrived, and probably outbalanced seasonal declines in the nondurable consumer-goods industries.

Unemployment in New England is much less severe than in the summer of 1949, but it is still a serious problem. April is a key month for measuring unemployment,



because the "benefit year" for most New England workers, under state unemployment insurance programs, begins during the first part of April. More than 231,000 persons in the region drew benefits during the April peak. An unknown number could not qualify for benefits, because they had not built up sufficient wage credits in 1949. A general increase in welfare payments indicates the growth of this group. In March 1950, the number of general welfare cases in Massachusetts was 31 per cent higher than in March 1949.

Expectations of a sharp increase in construction employment are well-founded, according to reports of the F. W. Dodge Corporation. Construction contract awards in New England totaled $97,708,000 in April, 96.9 per cent higher than in April 1949. Residential awards amounted to almost 48 per cent of the total value and were about 96 per cent higher than year-ago levels. Nonresidential awards actually declined between March and April 1950, although they totaled about 98 per cent higher than in April 1949.

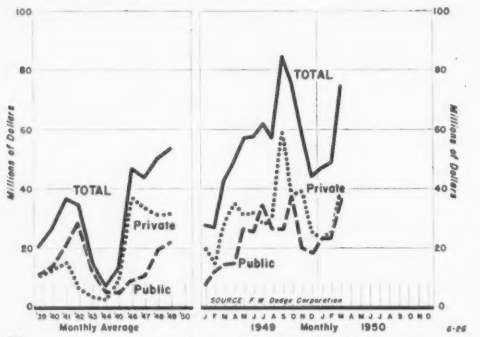
Total loans of weekly reporting member banks in the New England district were five per cent higher in April 1950 than in April 1949. In a similar year-to-year comparison, loans to purchase or carry securities increased 12 per cent. Commercial loans declined 3.2 per cent, while real estate loans rose 14 per cent and miscellaneous loans increased 18 per cent.

A brisk run-up in metal prices occurred this spring, as sales of durable goods improved. Between April 1 and May 8, the spot primary market price of copper rose 5.4 per cent; lead, 6.7 per cent; tin, 3.6 per cent; and zinc, 8.9 per cent. In the same period, hides fell 3.9 per cent, rubber rose 25.0 per cent, and wool tops rose 2.1 per cent. Raw cotton prices increased 1.9 per cent as print cloth dropped 4.9 per cent.

Monthly Review
FEDERAL RESERVE BANK OF BOSTON

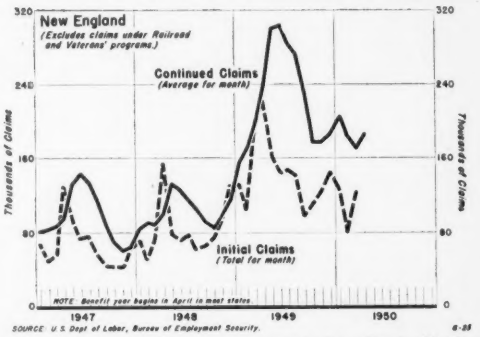
Business Conditions

CONSTRUCTION CONTRACTS IN NEW ENGLAND



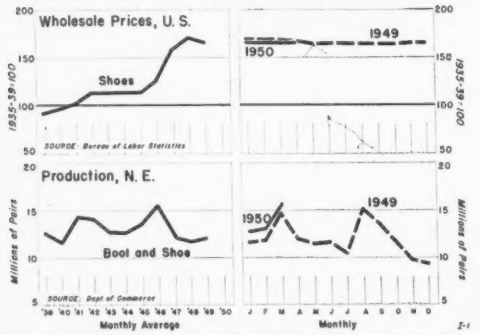
The cumulative value of construction contracts awarded in N. E. in the first quarter of 1950 was $171,212,000, 76.5 per cent higher than in the first quarter of 1949. Private awards were 51 per cent of the total this year, 65 per cent last year.

UNEMPLOYMENT INSURANCE CLAIMS



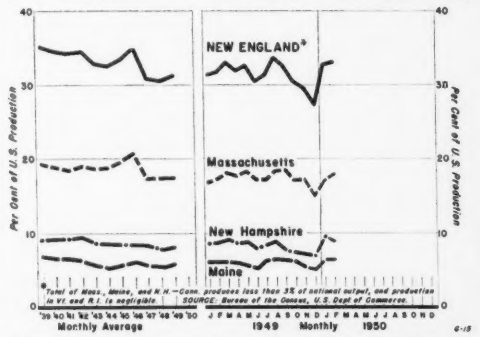
Claims for unemployment insurance benefits in N. E. rose during April as new benefit years began. The average number of unemployed workers who received benefits this April was 15.6 per cent higher than in March, and 18.7 per cent lower than in April 1949.

SHOES



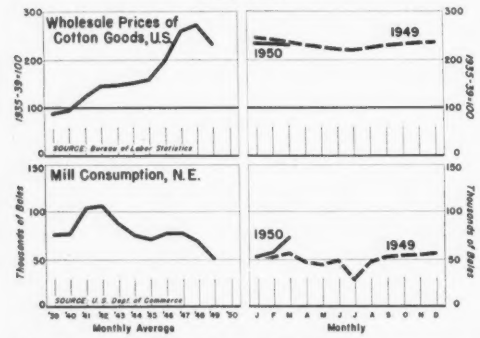
New England shoe production in March was the highest since October 1946, according to preliminary reports. Production in March 1950 was about 4 per cent higher than in March 1949; wholesale prices in the United States were 1.9 per cent lower.

N. E.'S SHARE OF U. S. SHOE PRODUCTION


NEW ENGLAND*
Massachusetts
New Hampshire
Maine
Per Cent of U.S. Production
*Total of Mass., Maine, and N.H.—Conn. produces less than 3% of national output, and production in Vt. and R.I. is negligible.
SOURCE: Bureau of the Census, U.S. Dept. of Commerce.
Monthly Average
1949
Monthly
1950

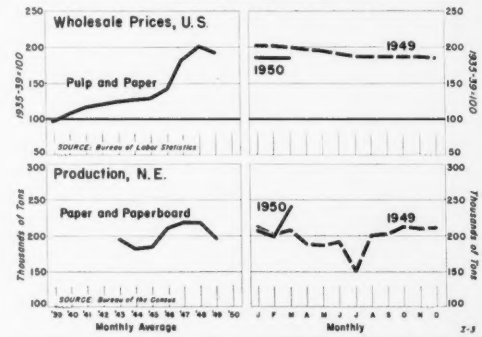
New England's share of U. S. shoe production reached 33.2 per cent in Feb., 0.3 of a percentage point higher than in Jan. and 1.1 points above the region's share in Feb. 1949. In the year-to-year comparison, Maine had the greatest relative gain.

COTTON



New England mills used about 70,000 bales of raw cotton in March, 26 per cent more than in February and 25 per cent higher than in March 1949. Wholesale prices of cotton goods in March in the U. S. were 2 per cent lower in 1950 than in 1949.

PULP AND PAPER



Paper and paperboard production in New England during March reached its highest level since data became available in 1943. The March high was 15.3 per cent above production in March 1949, and 0.7 per cent higher than the previous peak in Oct. 1947.